

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEL AV 05024 111432Z
ACTION TRSE-00

INFO OCT-01 NEA-10 ISO-00 L-03 EB-07 H-01 /022 W
-----006419 111435Z /41

P 111402Z JUL 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 7152

LIMITED OFFICIAL USE TEL AVIV 5024

E.O. 11652: N/A
TAGS: EFIN, IS
SUBJECT: INCOME TAX TREATY: GRANTS AND COMPULSORY LOANS

REF: STATE 159250 AND PREVIOUS

1. BEGIN UNCLASSIFIED. NEUDORFER TOLD EMBASSY THAT
COMPULSORY LOAN AND TREATY GRANT PROVISIONS HAVE SOME,
ALBEIT MINOR, RELEVANCE UNDER CURRENT ISRAELI LAW.
COMPULSORY LOAN OF 19 PERCENT IS OFFERED AS AN OPTION
FOR APPROVED ENTERPRISE IN PLACE OF STRAIGHT 7 1/2
PERCENT INCOME TAX ON DIVIDENDS. EMPLOYER'S COMPULSORY
LOAN OF 4 1/2 PERCENT ALOS REMAINS APPLICABLE.

2. ISRAELI INVESTMENT LAW PROVIDES THAT GRANT MAY BE
MADE TO APPROVED ENTERPRISE WHOLLY OR PARTLY OWNED BY
A FOREIGN CORPORATION REGISTERED IN ISRAEL OR BY
A FOREIGN LIMITED PARTNERSHIP. NEUDORFER STATED
THAT CHANGES IN THE ISRAELI INVESTMENT LAW ARE LIKELY WHICH
WILL MAKE THE TREATY PROVISION ON GRANTS MORE RELEVANT.
END UNCLASSIFIED

3. BEGIN LIMITED OFFICIAL USE . NEUDORFER SAID
THAT, IN HIS OPINION, TAX LAW CHANGES IN BOTH THE
U.S. AND ISRAEL REQUIRE THAT THE TREATY BE REVISED.
HE IS RECOMMENDING THIS POSITION TO THE FINANCE
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MINISTER. HE ASKED WHETHER IT IS POSSIBLE TO AMEND
THE TREATY ONCE IT COMES BEFORE THE SENATE FOR
CONSIDERATION, AND ASKED FOR A REPLY ON AN URGENT BASIS.
LEWIS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GRANTS, LOANS, INCOME TAXES, TAX AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770769/aaaacimb.tel
Line Count: 59
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7ebd676d-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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TAGS: EFIN, IS
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